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BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO.98-259-C - ORDER NO. 98-722
SEPTEMBER 17, 1998

IN RE: Petition of CaroNet, LLC to Transfer its	)	ORDER APPROVING	✓ 12
Certificate of Public Convenience and	)	TRANSFER OF	
Necessity to Provide Intrastate	)	CERTIFICATE TO	
Telecommunications Services as a Carrier's	)	OPERATE AS A	
Carrier to Interpath Communications, Inc. and	)	CARRIER'S CARRIER	
Application of Interpath Communications,	)	AND APPROVING	
Inc. for a Certificate of Public Convenience	)	CERTIFICATE TO	
and Necessity to Provide Intrastate	)	PROVIDE	
Interexchange and Switched and Special	)	INTEREXCHANGE AND	
Local Exchange Access Services.	)	LOCAL EXCHANGE	
	)	SERVICES	

This matter comes before the Public Service Commission of South Carolina ("Commission") on the Petition of CaroNet, LLC ("CaroNet") and Interpath Communications, Inc. ("Interpath") (jointly referred to as the "Petitioners") requesting the Commission (1) to allow CaroNet to transfer its Certificate of Public Convenience and Necessity to provide Telecommunications Services as a Carriers' Carrier to Interpath and (2) to grant Interpath a Certificate of Public Convenience and Necessity to provide intrastate interexchange services and switched and special local exchange access services throughout those areas in South Carolina in which BellSouth Telecommunications, Inc. ("BellSouth") and GTE South, Inc. ("GTE") are the incumbent local exchange carriers.

By letter, the Commission's Executive Director instructed the Petitioners to publish, one time, a prepared Notice of Filing and Hearing in newspapers of general

circulation in the areas affected by the Application. The purpose of the Notice of Filing was to inform interested parties of the manner and time in which to file the appropriate pleadings for participation in the proceedings as well as to inform interested persons of the date and time of the hearing scheduled in this matter. The Petitioners complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. A Petition to Intervene was filed by the South Carolina Telephone Coalition ("SCTC").

A hearing was commenced on August 12, 1998, at 2:30 p.m., in the Commission's Hearing Room. The Honorable Philip T. Bradley, Chairman, presided. The Petitioners were represented by William F. Austin, Esquire; Florence P. Belser, Staff Counsel, represented the Commission Staff. SCTC did not appear at the hearing.

Jim Schenat, Regulatory Affairs Manager of Interpath, appeared and offered testimony in support of the Petition. Mr. Schenat testified that CaroNet is a North Carolina limited liability company created by Carolina Power & Light Company ("CP&L") in 1995 to provide carrier's carrier service using the unused portions of CP&L's telecommunications network. CP&L and CaroNet have determined that the internet and associated telecommunications services necessary to support the internet represent a significant business opportunity. As a result, CP&L created Interpath in 1998. Interpath is a combination of Capitol Information Services, Inc. (a subsidiary of Capitol Broadcasting Company, Inc.) and CaroNet, with CaroNet transferring all of its assets and liabilities to Interpath in return for shares of Interpath common stock and Capitol Broadcasting Company transferring all of its assets and liabilities to Interpath in

return for nonvoting shares of Interpath. Mr. Schenat stated that Interpath is taking the place of CaroNet and that Interpath will keep the employees of CaroNet. If the transfer of CaroNet's Certificate is approved, Interpath will operate under CaroNet's tariff. Mr. Schenat offered that the transition from CaroNet to Interpath will seamless and transparent to customers. Further, upon Commission approval of the transfer, CaroNet will cease to exist.

With regard to Interpath's request for authority to provide interexchange and switched and special access local exchange access services, Mr. Schenat explained that Interpath possesses the technical, financial, and managerial resources and abilities to provide interexchange and switched and special access local exchange access services. Mr. Schenat stated that Interpath has the support of its parent company, CP&L. Interpath has a contract with CP&L which provides access to 125 miles of fiber optic network in South Carolina and Interpath intends to construct additional digital, fiber optic facilities in the areas in which the Commission authorizes Interpath to conduct business. Interpath's managerial team possesses the experience and expertise to provide the services in question. A review of the Petition reveals that Interpath's managerial team has considerable experience in the telecommunications industry.

Mr. Schenat stated that Interpath is currently certificated to provide switchless facilities based long distance service and local exchange service in North Carolina. Mr. Schenat also stated that Interpath's proposed services will benefit the public by increasing the competitive choices available to users in South Carolina and by creating incentives

for all carriers to offer low prices, more innovative services, and more responsive customer service.

Mr. Schenat testified that Interpath would operate in accordance with the Commission rules, regulations, guidelines and Commission Orders. Mr. Schenat also stated that Interpath would support universally available telephone service at affordable rates and that the provision of local service by State would not adversely impact affordable local service. Mr. Schenat specifically stated that the services Interpath will provide will meet the service standards of the Commission.

Counsel for Interpath introduced as a Hearing Exhibit an executed Stipulation between Interpath and the SCTC. In the Stipulation, Interpath stipulated that it would only seek authority in non-rural local exchange ("LEC") service areas of South Carolina and that it would not provide any local service to any customer located in a rural incumbent's service area, unless and until Interpath provided written notice of its intent prior to the date of the intended service. Interpath also stipulated that it was not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas. Interpath agreed to abide by all State and Federal laws and to participate to the extent it may be required to do so by the Commission in support of universally available telephone service at affordable rates. The SCTC withdrew its opposition to State's Application provided the conditions contained in the Stipulation are met. The Stipulation is approved by the Commission and is attached hereto as Exhibit 1.

After full consideration of the applicable law, the Petition, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Interpath is organized as a corporation under the laws of the State of North Carolina.
2. Interpath possesses the technical, financial, and managerial resources sufficient to provide carriers' carrier service, intrastate interexchange services, and local exchange and exchange access services.
3. The Commission finds that Interpath's entry into the telecommunications market in South Carolina will benefit the public interest by increasing customer choice.
4. The Commission finds that State's "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. § 58-9-280(B)(3) (Supp. 1997).
5. The Commission finds that Interpath will support universally available telephone service at affordable rates.
6. The Commission finds that Interpath will provide services which will meet the service standards of the Commission.
7. The Commission finds that the provision of local exchange service by Interpath "does not otherwise adversely impact the public interest." S.C. Code Ann. § 58-9-280(B)(5) (Supp. 1997).

CONCLUSIONS OF LAW

1. Based on the above listed findings of fact, the Commission concludes that the Petitioners request to transfer the Certificate of Public Convenience and Necessity to provide Telecommunications Services as a Carriers' Carrier from CaroNet to Interpath should be , and hereby is, approved.

2. Based on the above listed findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Interpath to provide competitive intrastate local exchange services throughout those areas in South Carolina in which BellSouth Telecommunications, Inc. ("BellSouth") and GTE South, Inc. ("GTE") are the incumbent local exchange carriers and to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), directory assistance, travel card service or any other services authorized for resale by tariffs of carriers approved by the Commission. The authority to provide interexchange and local telecommunications services granted herein applies to both facilities-based services and resale services. Any proposal to provide local exchange service to rural service areas is subject to the terms of the Stipulation between Interpath and SCTC, attached hereto as Exhibit 1.

3. With regard to Interpath's interexchange services, the Commission adopts a rate design for Interpath for its services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the

Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

Interpath shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. Interpath shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1996).

4. If it has not already done so by the date of issuance of this Order, Interpath shall file its revised tariff for interexchange services which includes its maximum tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised interexchange tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

5. Interpath shall file, prior to offering local exchange services, either switched or special exchange access, a final tariff of its local service offerings conforming to all matters discussed with the Staff, and comporting with South Carolina law in all matters.

Interpath's local tariff shall include a rate for each service offering. Interpath's local tariff shall be filed with the Commission prior to offering local services in South Carolina.

6. Interpath is subject to access charges pursuant to Commission Order No. 86-584 in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

7. With regard to the Interpath's resale interexchange service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

8. Interpath shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Interpath changes underlying carriers, it shall notify the Commission in writing.

9. With regard to the origination and termination of toll calls within the same LATA, Interpath shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

10. Interpath shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

11. Interpath shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, Interpath shall provide to the Commission in writing the name of the authorized

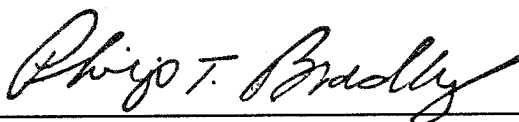
representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours.

Interpath shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. Attachment B shall be utilized for the provision of this information to the Commission. Further, Interpath shall promptly notify the Commission in writing if the representatives are replaced, and the Company is directed to comply with the Commission regulations unless waived by the Commission.

12. Interpath shall conduct its business in compliance with Commission decisions and Orders, both past and future, including but not limited to, any and all Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

13. This Order shall remain in full force and effect until further Order of the Commission.

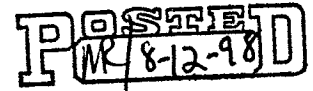
BY ORDER OF THE COMMISSION:


Chairman

ATTEST:

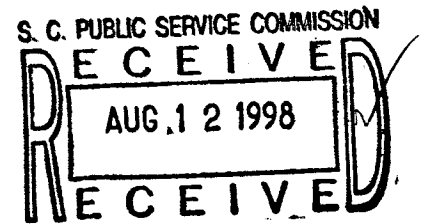

Acting Executive Director

(SEAL)

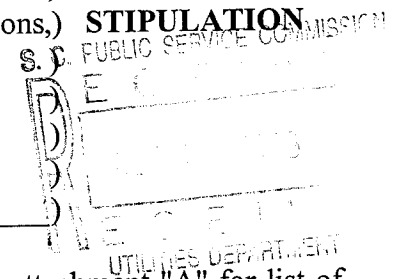


BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA

Docket No. 98-259-C



Re: Application of CaroNet, LLC to Transfer its Certificate
of Public Convenience and Necessity to Provide Intrastate
Telecommunications Services as a Carrier's Carrier to Interpath
Communications, Inc. and Application of Interpath Communications,
Inc. for a Certificate of Public Convenience and Necessity
to Provide Intrastate Interexchange Services and Switched
and Special Local Exchange Access Services



The South Carolina Telephone Coalition ("SCTC") (see attachment "A" for list of companies) and Interpath Communications, Inc., ("Interpath") hereby enter into the following stipulations. As a consequence of these stipulations and conditions, the necessity for SCTC's intervention in this matter is avoided and SCTC withdraws its opposition to Interpath's Application. SCTC and Interpath stipulate and agree as follows:

1. SCTC does not oppose the granting of a statewide Certificate of Public Convenience and Necessity to Interpath, provided the South Carolina Public Service Commission ("Commission") makes the necessary findings to justify granting of such a certificate, and provided the conditions contained within this stipulation are met.

2. Interpath stipulates and agrees that any Certificate which may be granted will authorize Interpath to provide service only to customers located in non-rural local exchange company ("LEC") service areas of South Carolina, except as provided herein.

3. Interpath stipulates that it is not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas.

RETURN DATE: _____
SERVICE: OK MR

4. Interpath stipulates and agrees that it will not provide any local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, unless and until Interpath provides such rural incumbent LEC and the Commission with written notice of its intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. Also, Interpath acknowledges that the Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while the Commission conducts any proceeding incident to the Petition or upon the Commission's own Motion, provided that the Commission can further suspend the implementation date upon showing of good cause.

5. Interpath stipulates and agrees that if, after Interpath gives notice that it intends to serve a customer located in a rural incumbent LEC's service area, the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law, or the Commission institutes a proceeding of its own, then Interpath will not provide service to any customer located within the service area in question without prior and further Commission approval.

6. Interpath acknowledges that any right which it may have or acquire to serve a rural telephone company service area in South Carolina is subject to the conditions contained herein, and to any future policies, procedures, and guidelines relevant to such proposed service which the Commission may implement, so long as such policies, procedures, and guidelines do not conflict with Federal or State law.

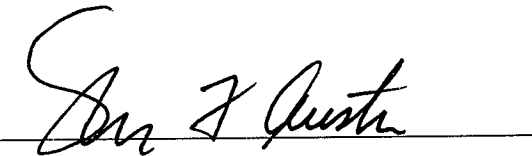
7. The parties stipulate and agree that all rights under Federal and State law are reserved to the rural incumbent LECs, and this Stipulation in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications to which they may be entitled.

8. Interpath agrees to abide by all State and Federal laws and to participate, to the extent it may be required to do so by the Commission, in the support of universally available telephone service at affordable rates.

9. Interpath hereby amends its application and its prefiled testimony in this docket to the extent necessary to conform with this Stipulation.

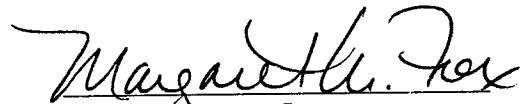
AGREED AND STIPULATED to this 12th day of August, 1998.

Interpath Communications, Inc.



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South Carolina Telephone Coalition:



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(803) 799-9800

Attorneys for the South Carolina
Telephone Coalition

ATTACHMENT A

South Carolina Telephone Coalition Member Companies
for Purposes of Local Service Stipulation

ALLTEL South Carolina, Inc.
Bluffton Telephone Company, Inc.
Chesnee Telephone Company
Chester Telephone Company
Farmers Telephone Cooperative, Inc.
Ft. Mill Telephone Company
Hargray Telephone Company, Inc.
Heath Springs Telephone Company Inc.
Home Telephone Company, Inc.
Horry Telephone Cooperative, Inc.
Lancaster Telephone Company
Lockhart Telephone Company
McClellanville Telephone Company
Norway Telephone Company
Palmetto Rural Telephone Cooperative, Inc.
Piedmont Rural Telephone Cooperative, Inc.
Pond Branch Telephone Company
Ridgeway Telephone Company
Rock Hill Telephone Company
Sandhill Telephone Cooperative, Inc.
St. Stephen Telephone Company
West Carolina Rural Telephone Cooperative, Inc.
Williston Telephone Company

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS FOR INTEREXCHANGE COMPANIES AND AOS'S

COMPANY NAME

FEI NO.

ADDRESS

CITY, STATE, ZIP CODE

PHONE NUMBER

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR
12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- * THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN
PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF
CONSTRUCTION AND CUSTOMER DEPOSITS.
- (4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING
_____.
- * THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.
- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT
OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS
METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3
ABOVE).

SIGNATURE

NAME (PLEASE TYPE OF PRINT)

TITLE

DOCKET NO. 98-259-C - ORDER NO. 98-722
SEPTEMBER 17, 1998
ATTACHMENT B

**INFORMATION OF THE AUTHORIZED UTILITY
REPRESENTATIVES FOR INTEREXCHANGE, LOCAL
AND AOS COMPANIES**

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION
REGULATION 103-612.2.4(b), each utility shall file and maintain with the Commission
the name, title, address, and telephone number of the persons who should be contacted in
connection with Customer Relations/Complaints.

Company Name/DBA Name

Business Address

City, State, Zip Code

Authorized Utility Representative (Please Print or Type)

Telephone Number

Fax Number

E-Mail Address

This form was completed by Signature

If you have any questions, contact the Consumer Services Department at 803-737-5230